

111TH CONGRESS  
1ST SESSION

# S. 698

To ensure the provision of high-quality health care coverage for uninsured individuals through State health care coverage pilot projects that expand coverage and access and improve quality and efficiency in the health care system.

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## IN THE SENATE OF THE UNITED STATES

MARCH 25, 2009

Mr. FEINGOLD (for himself, Mr. GRAHAM, and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To ensure the provision of high-quality health care coverage for uninsured individuals through State health care coverage pilot projects that expand coverage and access and improve quality and efficiency in the health care system.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “State-Based Health  
5       Care Reform Act”.

6       **SEC. 2. FINDINGS.**

7       Congress makes the following findings:

1           (1) The need for health care reform has  
2           reached crisis proportions in America, with over  
3           46,000,000 Americans uninsured. Children ac-  
4           counted for 8,600,000 of these individuals.

5           (2) Health outcomes for the uninsured are  
6           worse than health outcomes for those who have  
7           health insurance. According to the Institute of Medi-  
8           cine, the number of deaths due to uninsurance  
9           among adults ages 25 to 64 is estimated at around  
10          22,000 a year.

11          (3) The cost of providing care to the uninsured  
12          weighs heavily on the United States economy. Ac-  
13          cording to research done by the journal Health Af-  
14          fairs, the uninsured received approximately  
15          \$56,000,000,000 in uncompensated care in 2008.  
16          Government programs finance about 75 percent of  
17          uncompensated care.

18          (4) An overwhelming majority of Americans be-  
19          lieve that our health care system is broken, and is  
20          in need of immediate reform.

21          (5) In recent years, States have led the charge  
22          for health reform, implementing a wide array of  
23          health reforms. These reforms offer Congress valu-  
24          able lessons on what has proven to work, and what  
25          challenges to expect.

1           (6) The Federal Government is uniquely posi-  
2           tioned to significantly improve the way health care  
3           is financed, delivered, and consumed in America.  
4           State-based reforms are one of many options avail-  
5           able to Congress in undertaking health care reform.

6 **SEC. 3. PURPOSE.**

7           It is the purpose of this Act to establish a program  
8           to award grants to States for the establishment of State-  
9           based projects to—

10           (1) establish pilot projects to increase health  
11           care coverage for uninsured individuals in selected  
12           States within the 5-year period beginning on the  
13           date of enactment of this Act;

14           (2) ensure high-quality health care coverage  
15           with the goal of providing adequate access to pro-  
16           viders, services, and benefits;

17           (3) improve the efficiency of health care spend-  
18           ing and lower the cost of health care for the partici-  
19           pating State; and

20           (4) provide health care coverage with the ulti-  
21           mate goal of covering all individuals residing within  
22           States awarded a grant under this Act.

# **TITLE I—HEALTH CARE COVERAGE**

## **SEC. 101. STATE-BASED HEALTH CARE COVERAGE PRO- GRAM.**

(a) APPLICATIONS BY STATES, MULTI-STATE REGIONS, LOCAL GOVERNMENTS, AND TRIBES.—

(1) STATE APPLICATION.—A State, in consultation with local governments, Indian tribes, and Indian organizations involved in the provision of health care (referred to in this Act as a “State”), may apply for a State health care coverage grant for the entire State (or for regions of two or more States) under paragraph (2).

(2) SUBMISSION OF APPLICATION.—In accordance with this section, each State desiring to implement a State health care reform program shall submit an application to the Health Care Coverage Task Force established under subsection (b) (referred to in this section as the “Task Force”) for approval and referral to Congress.

(3) LOCAL GOVERNMENT AND OTHER APPLICATIONS.—

(A) IN GENERAL.—Where a State fails to submit an application under this section, a unit of local government of such State, or a consor-

1           tium of such units of local governments, may  
2           submit, with the collaboration of the State gov-  
3           ernment, an application directly to the Task  
4           Force for programs or projects under this sec-  
5           tion. Such an application shall be subject to the  
6           requirements of this section.

7           (B) OTHER APPLICATIONS.—Subject to  
8           such additional regulations as the Secretary of  
9           Health and Human Services (referred to in this  
10          Act as the “Secretary”) may prescribe, a unit  
11          of local government, Indian tribe, or Indian  
12          health organization may submit an application  
13          under this section, whether or not the State  
14          submits such an application, if such unit, tribe,  
15          or organization can demonstrate unique demo-  
16          graphic needs or a significant population size  
17          that warrants a substate program under this  
18          subsection.

19       (b) HEALTH CARE COVERAGE TASK FORCE.—

20           (1) ESTABLISHMENT.—Not later than 180 days  
21          after the date of the enactment of this Act, the Sec-  
22          retary shall establish a Health Care Coverage Task  
23          Force in accordance with this subsection.

24           (2) MEMBERSHIP.—

1 (A) IN GENERAL.—The Task Force shall  
2 be comprised of the Secretary and not fewer  
3 than 16 members to be appointed in accordance  
4 with subparagraph (B).

5 (B) APPOINTED MEMBERS.—With respect  
6 to the members appointed under subparagraph  
7 (A)—

8 (i) two individuals shall be appointed  
9 by the Speaker of the House of Represent-  
10 atives;

11 (ii) two individuals shall be appointed  
12 by the minority leader of the House of  
13 Representatives;

14 (iii) two individuals shall be appointed  
15 by the majority leader of the Senate;

16 (iv) two individuals shall be appointed  
17 by the minority leader of the Senate; and

18 (v) not to exceed 8 members shall be  
19 appointed by the Comptroller General.

20 (C) REQUIREMENTS.—In appointing mem-  
21 bers to the Task Force under subparagraph  
22 (B)(v), the Comptroller General shall ensure  
23 that—

24 (i) such members include at least 2  
25 representatives of consumers who are unin-

1           sured and who have had a chronic illness,  
2           1 of which shall represent individuals with  
3           disabilities;

4           (ii) such members include individ-  
5           uals—

6                   (I) representing business and  
7                   labor; and

8                   (II) who are health care pro-  
9                   viders;

10           (iii) such members have a broad geo-  
11           graphic representation and be balanced be-  
12           tween urban and rural areas; and

13           (iv) such members include representa-  
14           tives of Indian tribes or tribal organiza-  
15           tions.

16           (3) GENERAL DUTIES.—

17                   (A) APPROVAL OF APPLICATIONS AND  
18           OTHER MATTERS.—The Task Force shall—

19                   (i) formally approve the applications  
20                   of States for grants under this section, and  
21                   submit a legislative proposal concerning  
22                   such approvals (which shall be politically  
23                   balanced and include a variety of different  
24                   approaches to covering the uninsured pop-  
25                   ulations of States) to Congress together

1 with recommendations on the level of fund-  
2 ing required;

3 (ii) establish minimum performance  
4 measures with respect to coverage, quality,  
5 and cost of State programs, as described  
6 under subsection (c)(1);

7 (iii) conduct a thorough review of the  
8 grant application from a State and conduct  
9 detailed discussions and negotiations with  
10 such State applicants concerning possible  
11 modifications and adjustments;

12 (iv) be responsible for monitoring the  
13 status and progress achieved under pro-  
14 grams and projects granted under this sec-  
15 tion; and

16 (v) report to the public concerning  
17 progress made by States with respect to  
18 the performance measures and goals estab-  
19 lished under this Act, the periodic progress  
20 of the State relative to its State perform-  
21 ance measures and goals, and the State  
22 program application procedures, by region  
23 and State jurisdiction.

24 (B) LIMITATION.—The Task Force shall  
25 not approve a State application that—



1 (i) proposes to adopt criteria for in-  
2 come or resource standards or methodolo-  
3 gies for purposes of determining an indi-  
4 vidual's eligibility for medical assistance  
5 under the State plan for services provided  
6 through the State Medicaid program under  
7 title XIX of the Social Security Act, the  
8 State Children's Health Insurance Pro-  
9 gram under title XXI of the Act, the Medi-  
10 care program under title XVIII of such  
11 Act, or any other State and local program  
12 that provides health care to low-income or  
13 targeted populations, as defined by such  
14 program policies, that are more restrictive  
15 than those applied as of the date of enact-  
16 ment of this Act;

17 (ii) would revise Federal requirements  
18 for participation in the State Medicaid pro-  
19 gram, the State Children's Health Insur-  
20 ance Program, or the Medicare program in  
21 a manner that applies criteria for eligibility  
22 that is more restrictive than the criteria  
23 applied on the date of enactment of this  
24 Act for those categories of individuals cur-  
25 rently enrolled in such program or future

categories of individuals under applicable law; or

(iii) would result in making those individuals who are enrolled, or who may be enrolled, in a program described in clause (ii) ineligible for such enrollment in such program.

(4) PERIOD OF APPOINTMENT; REPRESENTATION REQUIREMENTS; VACANCIES.—Members shall be appointed for a term of 5 years. Any vacancy on the Task Force shall not affect its powers, but shall be filled within 60 days and in the same manner as the original appointment.

(5) CHAIRPERSON, MEETINGS, APPROVAL OF STATE PLANS.—

(A) CHAIRPERSON.—The Task Force shall select a Chairperson from among its members.

(B) QUORUM.—A majority of the members of the Task Force shall constitute a quorum, but a lesser number of members may hold hearings subject to approval by the Task Force or the Chairperson.

(C) MEETINGS.—Not later than 30 days after the date on which all members of the Task Force have been appointed, the Task

1 Force shall hold its first meeting. The Task  
2 Force shall meet at the call of the Chairperson.

3 (6) POWERS OF THE TASK FORCE.—

4 (A) NEGOTIATIONS WITH STATES.—The  
5 Task Force may conduct detailed discussions  
6 and negotiations with States submitting appli-  
7 cations under this section, either individually or  
8 in groups, to facilitate a final set of rec-  
9 ommendations for purposes of subsection  
10 (c)(1)(C). Such final set of recommendations  
11 shall be made available to the general public.  
12 Such negotiations shall, to the extent prac-  
13 ticable, be conducted in a public forum. The  
14 minutes of any meetings at which such negotia-  
15 tions are conducted shall be maintained and  
16 made available to the general public.

17 (B) SUBCOMMITTEES.—The Task Force  
18 may establish such subcommittees as the Task  
19 Force determines are necessary to increase the  
20 efficiency of the Task Force.

21 (C) HEARINGS.—The Task Force may  
22 hold hearings, so long as the Task Force deter-  
23 mines such meetings to be necessary in order to  
24 carry out the purposes of this Act, sit and act  
25 at such times and places, take such testimony,

1 and receive such evidence as the Task Force  
2 considers advisable to carry out the purposes of  
3 this subsection.

4 (D) ANNUAL MEETING.—In addition to  
5 other meetings the Task Force may hold, the  
6 Task Force shall hold an annual meeting with  
7 the participating States under this section for  
8 the purpose of having States report progress to-  
9 ward the purposes described in section 3 and  
10 for an exchange of public information.

11 (E) INFORMATION.—The Task Force may  
12 obtain information directly from any Federal  
13 department or agency as the Task Force con-  
14 sidered necessary to carry out the provisions of  
15 this subsection. Upon request of the Chair-  
16 person of the Task Force, the head of such de-  
17 partment or agency shall furnish such informa-  
18 tion to the Task Force.

19 (F) CONTRACTING.—The Task Force may  
20 enter into contracts with qualified independent  
21 organizations to obtain necessary information  
22 for the development of the performance stand-  
23 ards, reporting requirements, financing mecha-  
24 nisms, or any other matters determined by the  
25 Task Force to be appropriate and reasonable.

1 (G) POSTAL SERVICES.—The Task Force  
2 may use the United States mails in the same  
3 manner and under the same conditions as other  
4 departments and agencies of the Federal Gov-  
5 ernment.

6 (7) PERSONNEL MATTERS.—

7 (A) COMPENSATION.—Each member of the  
8 Task Force who is not an officer or employee  
9 of the Federal Government shall be com-  
10 pensated at a rate equal to the daily equivalent  
11 of the annual rate of basic pay prescribed for  
12 level IV of the Executive Schedule under section  
13 5315 of title 5, United States Code, for each  
14 day (including travel time) during which such  
15 member is engaged in the performance of the  
16 duties of the Task Force. All members of the  
17 Task Force who are officers or employees of the  
18 United States shall serve without compensation  
19 in addition to that received for their services as  
20 officers or employees of the United States.

21 (B) TRAVEL EXPENSES.—The members of  
22 the Task Force shall be allowed travel expenses,  
23 including per diem in lieu of subsistence, at  
24 rates authorized for employees of agencies  
25 under subchapter I of chapter 57 of title 5,

1 United States Code, while away from their  
2 homes or regular places of business in the per-  
3 formance of services for the Task Force.

4 (C) STAFF.—The Chairperson of the Task  
5 Force may, without regard to the civil service  
6 laws and regulations, appoint and terminate  
7 personnel as may be necessary to enable the  
8 Task Force to perform its duties.

9 (D) DETAIL OF GOVERNMENT EMPLOY-  
10 EES.—Any Federal Government employee may  
11 be detailed to the Task Force without reim-  
12 bursement, and such detail shall be without  
13 interruption or loss of civil service status or  
14 privilege.

15 (E) TEMPORARY AND INTERMITTENT  
16 SERVICES.—The Chairperson of the Task Force  
17 may procure temporary and intermittent serv-  
18 ices under section 3109(b) of title 5, United  
19 States Code, at rates for individuals which do  
20 not exceed the daily equivalent of the annual  
21 rate of basic pay prescribed for level V of the  
22 Executive Schedule under section 5316 of such  
23 title.

24 (8) FUNDING.—For the purpose of carrying out  
25 this subsection, there are authorized to be appro-

1        appropriated \$4,000,000 for fiscal year 2010 and each fis-  
2        cal year thereafter.

3        (c) STATE PLAN.—

4            (1) IN GENERAL.—A State that seeks to receive  
5        a grant to operate a program under this section  
6        shall prepare and submit to the Task Force, as part  
7        of the application under subsection (a), a State  
8        health care plan that—

9            (A) designates the lead State entity that  
10        will be responsible for administering the State  
11        program;

12           (B) describes the benefits that will be pro-  
13        vided to all individuals covered under the State  
14        program, which shall, at a minimum, provide  
15        for the same scope of coverage required under  
16        section 2103 (a)(1), (a)(2), and (a)(4), (b), and  
17        (c) of title XXI of the Social Security Act;

18           (C) provides a methodology, in consulta-  
19        tion with organizations including the Institute  
20        of Medicine, for demonstrating that the choice  
21        of benefits under the State program is based  
22        upon available medical evidence;

23           (D) contains a description of any other  
24        health care reform programs that the State will  
25        implement under the State program, which may

1 include the expansion of the State's Medicaid,  
2 SCHIP or other public health care programs,  
3 single-payer systems, the implementation of  
4 State-based health savings accounts, the estab-  
5 lishment of health care purchasing or pooling  
6 arrangements, new individual insurance pur-  
7 chasing options, State tax credits, or any com-  
8 bination of such reforms and any approaches  
9 submitted by the State and approved by the  
10 Task Force in the State application;

11 (E) describes the number and percentage  
12 of currently uninsured individuals who will  
13 achieve coverage under the State health pro-  
14 gram;

15 (F) provides and describes the manner in  
16 which the State will ensure that an increased  
17 number of individuals residing within the State  
18 will have expanded access to health care cov-  
19 erage with a specific 5-year target for reduction  
20 in the number of uninsured individuals through  
21 either private or public program expansion, or  
22 both, in accordance with the options established  
23 under this Act;



(G) identifies Federal, State, or local and private programs that currently provide health care services in the State and describes—

(i) how such programs could be coordinated with the State health program, to the extent practicable; and

(ii) current Federal, State, and local expenditures for the identified programs that utilize public financing;

(H) provides for improvements in the availability of appropriate health care services that will increase access to care in urban, rural, and frontier areas of the State with medically underserved populations or where there is an inadequate supply of health care providers and the area meets the requirements for designation as a Health Professional Shortage Area under section 332 of the Public Health Service Act (42 U.S.C. 254e); and

(I) otherwise complies with this subsection.

(2) EFFECTIVENESS AND EFFICIENCY.—The State plan shall include provisions to improve the effectiveness and efficiency of health care in the State, including provisions to attempt to reduce administrative health care costs within the State.

1 (3) COSTS.—

2 (A) IN GENERAL.—With respect to the  
3 costs of health care provided under the pro-  
4 gram, the State plan shall—

5 (i) describe the public and private sec-  
6 tor financing to be provided for the State  
7 health program;

8 (ii) estimate the amount of Federal,  
9 State, and local expenditures, as well as  
10 the costs to business and individuals under  
11 the State health program;

12 (iii) describe how the State plan will  
13 ensure the financial solvency of the State  
14 health program; and

15 (iv) contain assurances that the State  
16 will comply with the premium and cost-  
17 sharing limitations described in subpara-  
18 graph (B).

19 (B) PREMIUM AND COST-SHARING LIMITA-  
20 TIONS.—

21 (i) PREMIUMS.—In providing health  
22 care coverage under a State program  
23 under this Act, the State shall ensure  
24 that—

1 (I) with respect to an individual  
2 whose family income is at or below  
3 100 percent of the poverty line, the  
4 State program shall not require—

5 (aa) the payment of pre-  
6 miums for such coverage; or

7 (bb) the payment of cost-  
8 sharing for such coverage in an  
9 amount that exceeds .5 percent  
10 of the family's income for the  
11 year involved;

12 (II) with respect to an individual  
13 whose family income is greater than  
14 100 percent, but at or below 200 per-  
15 cent, of the poverty line, the State  
16 program shall not require—

17 (aa) the payment of pre-  
18 miums for such coverage in ex-  
19 cess of 20 percent of the average  
20 cost of providing benefits to an  
21 individual or family or 3 percent  
22 of the amount of the family's in-  
23 come for the year involved; or

24 (bb) the payment of cost-  
25 sharing for such coverage in an

1 amount that, together with the  
2 premium amount, does not ex-  
3 ceed 5 percent of the family's in-  
4 come for the year involved; and

5 (III) with respect to an individual  
6 whose family income is greater than  
7 200 percent, but at or below 300 per-  
8 cent, of the poverty line, the State  
9 program shall not require—

10 (aa) the payment of pre-  
11 miums for such coverage in ex-  
12 cess of 20 percent of the average  
13 cost of providing benefits to an  
14 individual or family or 5 percent  
15 of the amount of the family's in-  
16 come for the year involved; or

17 (bb) the payment of cost-  
18 sharing for such coverage in an  
19 amount that, together with the  
20 premium amount, does not ex-  
21 ceed 7 percent of the family's in-  
22 come for the year involved.

23 (ii) DEFINITION.—For purposes of  
24 this subparagraph, the term “poverty line”  
25 has the meaning given such term in section

1                   2110(c)(5) of the Social Security Act (42  
2                   U.S.C. 1397jj(c)(5)).

3                   (4) PROTECTION FOR LOWER INCOME INDIVID-  
4                   UALS.—The State plan may only vary premiums,  
5                   deductibles, coinsurance, and other cost-sharing  
6                   under the plan based on the family income of the  
7                   family involved in a manner that does not favor indi-  
8                   viduals from families with higher income over indi-  
9                   viduals from families with lower income.

10                  (5) AUTHORITY TO CONTRACT.—The State plan  
11                  may provide for the awarding of contracts by the  
12                  State to independent entities (such as the Institute  
13                  of Medicine) for the conduct of activities to enable  
14                  the State to fully comply with the requirements of  
15                  this Act and of the State plan.

16                  (d) REVIEW; DETERMINATION; AND PROJECT PE-  
17                  RIOD.—

18                  (1) INITIAL REVIEW.—With respect to a State  
19                  application for a grant under subsection (a), the  
20                  Secretary and the Task Force shall, not later than  
21                  90 days after receipt of such application, complete  
22                  an initial review of such State application, an anal-  
23                  ysis of the scope of the proposal, and a determina-  
24                  tion of whether additional information is needed  
25                  from the State. The Task Force shall advise the

1 State within such 90-day period of the need to sub-  
2 mit additional information.

3 (2) FINAL DETERMINATION.—Not later than 90  
4 days after completion of the initial review under  
5 paragraph (1), the Task Force shall determine  
6 whether to approve such application and submit a  
7 legislative proposal concerning such application to  
8 Congress for final approval. Such application may be  
9 approved only if  $\frac{2}{3}$  of the members of the Task  
10 Force vote to approve such application.

11 (3) PROGRAM OR PROJECT PERIOD.—If ap-  
12 proved by the Task Force and Congress, a State  
13 program or project may extend for a period not to  
14 exceed 5 years and may be extended for subsequent  
15 5-year periods upon approval by the Task Force and  
16 the Secretary, based upon achievement of targets as  
17 specified by the Task Force, except that a shorter  
18 period may be requested by a State and granted by  
19 the Secretary.

20 (e) EXPEDITED CONGRESSIONAL CONSIDERATION.—

21 (1) INTRODUCTION AND COMMITTEE CONSIDER-  
22 ATION.—

23 (A) INTRODUCTION.—The legislative pro-  
24 posal submitted pursuant to subsection

25 (b)(3)(A) shall be in the form of a joint resolu-

tion (in this subsection referred to as the “resolution”). Such resolution shall be introduced in the House of Representatives by the Speaker, and in the Senate, by the majority leader, immediately upon receipt of the language and shall be referred to the appropriate committee of Congress. If the resolution is not introduced in accordance with the preceding sentence, the resolution may be introduced in either House of Congress by any member thereof.

(B) COMMITTEE CONSIDERATION.—A resolution introduced in the House of Representatives shall be referred to the appropriate committees of jurisdiction within the House of Representatives. A resolution introduced in the Senate shall be referred to the appropriate committees of jurisdiction within the Senate. Not later than 15 calendar days after the introduction of the resolution, the committee of Congress to which the resolution was referred shall report the resolution. If the committee has not reported such resolution (or an identical resolution) at the end of 15 calendar days after its introduction or at the end of the first day after there has been reported to the House involved

1 a resolution, whichever is earlier, such com-  
2 mittee shall be deemed to be discharged from  
3 further consideration of such resolution and  
4 such resolution shall be placed on the appro-  
5 priate calendar of the House involved. No  
6 amendments shall be in order to such resolution  
7 during committee consideration.

8 (2) EXPEDITED PROCEDURE.—

9 (A) CONSIDERATION.—Not later than 5  
10 days after the date on which a committee has  
11 been discharged from consideration of a resolu-  
12 tion, the Speaker of the House of Representa-  
13 tives, or the Speaker's designee, or the majority  
14 leader of the Senate, or the leader's designee,  
15 shall move to proceed to the consideration of  
16 the resolution. It shall also be in order for any  
17 member of the House of Representatives or the  
18 Senate, respectively, to move to proceed to the  
19 consideration of the resolution at any time after  
20 the conclusion of such 5-day period. All points  
21 of order against the resolution (and against  
22 consideration of the resolution) are waived. A  
23 motion to proceed to the consideration of the  
24 resolution is highly privileged in the House of  
25 Representatives and is privileged in the Senate



1 and is not debatable. The motion is not subject  
2 to amendment, to a motion to postpone consid-  
3 eration of the resolution, or to a motion to pro-  
4 ceed to the consideration of other business. A  
5 motion to reconsider the vote by which the mo-  
6 tion to proceed is agreed to or not agreed to  
7 shall not be in order. If the motion to proceed  
8 is agreed to, the House of Representatives or  
9 the Senate, as the case may be, shall imme-  
10 diately proceed to consideration of the resolu-  
11 tion without intervening motion, order, or other  
12 business, and the resolution shall remain the  
13 unfinished business of the House of Represent-  
14 atives or the Senate, as the case may be, until  
15 disposed of. No amendments shall be in order  
16 to such resolution during such consideration.

17 (B) CONSIDERATION BY OTHER HOUSE.—

18 If, before the passage by one House of the reso-  
19 lution that was introduced in such House, such  
20 House receives from the other House a resolu-  
21 tion as passed by such other House—

22 (i) the resolution of the other House  
23 shall not be referred to a committee and  
24 may only be considered for final passage,

without amendment, in the House that receives it under clause (iii);

(ii) the procedure in the House in receipt of the resolution of the other House, with respect to the resolution that was introduced in the House in receipt of the resolution of the other House, shall be the same as if no resolution had been received from the other House; and

(iii) notwithstanding clause (ii), the vote on final passage shall be on the reform bill of the other House.

Upon disposition of a resolution that is received by one House from the other House, it shall no longer be in order to consider the resolution bill that was introduced in the receiving House.

(3) RULES OF THE SENATE AND HOUSE OF REPRESENTATIVES.—This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and is deemed to be part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a resolution, and it

1           supersedes other rules only to the extent that it  
2           is inconsistent with such rules; and

3                   (B) with full recognition of the constitu-  
4           tional right of either House to change the rules  
5           (so far as they relate to the procedure of that  
6           House) at any time, in the same manner, and  
7           to the same extent as in the case of any other  
8           rule of that House.

9       (f) FUNDING.—

10           (1) IN GENERAL.—The Secretary shall provide  
11       a grant to a State that has an application approved  
12       under subsection (d)(2) and agreed to by Congress  
13       under subsection (e) to enable such State to carry  
14       out the State health program under the grant.

15           (2) AMOUNT OF GRANT.—The amount of a  
16       grant provided to a State under paragraph (1) shall  
17       be determined based upon the recommendations of  
18       the Task Force, subject to the amount appropriated  
19       under subsection (i).

20           (3) MATCHING REQUIREMENT.—To be eligible  
21       to receive a grant under paragraph (1), a State shall  
22       provide assurances to the Secretary that the State  
23       shall, in addition to meeting the requirement of  
24       paragraph (4), contribute to the costs of carrying

1 out activities under the grant an amount equal to  
 2 not less than the product of—

3 (A) the amount of the grant; and

4 (B) one minus the sum of the enhanced  
 5 FMAP for the State (as defined in section  
 6 2105(b) of the Social Security Act (42 U.S.C.  
 7 1397ee(b))) and 5 percent.

8 (4) MAINTENANCE OF EFFORT.—A State, in  
 9 utilizing the proceeds of a grant received under  
 10 paragraph (1), shall maintain the non-Federal ex-  
 11 penditures of the State and local units of govern-  
 12 ment for health care coverage purposes (including  
 13 expenditures under the State programs under titles  
 14 XIX and XXI of the Social Security Act) for the  
 15 support of direct health care delivery at a level equal  
 16 to not less than the level of such expenditures main-  
 17 tained by the State for the fiscal year preceding the  
 18 fiscal year for which the grant is received. Funds re-  
 19 ceived under this Act shall be used to supplement,  
 20 not supplant existing State spending for the activi-  
 21 ties described in this Act. Such expenditures shall be  
 22 increased annually by the same percentage as the  
 23 percentage increase in the Consumer Price Index for  
 24 All Urban Consumers.

1           (5) COMPLIANCE.—The Secretary may withhold  
2       payments under this Act from a State that fails to  
3       comply with its State plan under subsection (c) and  
4       the reporting requirements under subsection (g)(1).  
5       (g) REPORTS.—

6           (1) BY STATES.—Each State that has received  
7       a grant under subsection (f)(1) shall submit to the  
8       Task Force an annual report for the period rep-  
9       resenting the respective State’s fiscal year, that shall  
10      contain a description of the results, with respect to  
11      health care coverage, quality, and costs, of the State  
12      program.

13          (2) BY TASK FORCE.—At the end of the 5-year  
14      period beginning on the date on which the Secretary  
15      awards the first grant under paragraph (1), the  
16      Task Force established under subsection (b) shall  
17      prepare and submit to the appropriate committees of  
18      Congress, a report on the progress made by States  
19      receiving grants under paragraph (1) in meeting the  
20      goals of expanded coverage, improved quality, and  
21      cost containment through performance measures es-  
22      tablished during the 5-year period of the grant. Such  
23      report shall contain—

24              (A) the recommendation of the Task Force  
25      concerning any future action that Congress

1           should take concerning health care reform, in-  
2           cluding whether or not to extend the program  
3           established under this subsection;

4           (B) an evaluation of the effectiveness of  
5           State health care coverage reforms—

6                 (i) in expanding health care coverage  
7                 for State residents;

8                 (ii) in improving the quality of health  
9                 care provided in the States;

10                (iii) in reducing or containing health  
11                care costs in the States; and

12                (iv) on employer sponsored coverage;

13           (C) recommendations regarding the advis-  
14           ability of increasing Federal financial assistance  
15           for State ongoing or future health program ini-  
16           tiatives, including the amount and source of  
17           such assistance; and

18           (D) recommendations concerning whether  
19           any particular State program should serve as a  
20           model for implementation as a national health  
21           care reform program.

22           (h) MISCELLANEOUS PROVISIONS.—

23                (1) APPLICATION OF CERTAIN REQUIRE-  
24                MENTS.—

1 (A) RESTRICTION ON APPLICATION OF  
2 PREEXISTING CONDITION EXCLUSIONS.—

3 (i) IN GENERAL.—Subject to subpara-  
4 graph (B), a State shall not permit the im-  
5 position of any preexisting condition exclu-  
6 sion for covered benefits under a program  
7 or project under this section.

8 (ii) GROUP HEALTH PLANS AND  
9 GROUP HEALTH INSURANCE COVERAGE.—  
10 If the State program or project provides  
11 for benefits through payment for, or a con-  
12 tract with, a group health plan or group  
13 health insurance coverage, the program or  
14 project may permit the imposition of a pre-  
15 existing condition exclusion but only inso-  
16 far and to the extent that such exclusion is  
17 permitted under the applicable provisions  
18 of part 7 of subtitle B of title I of the Em-  
19 ployee Retirement Income Security Act of  
20 1974 and title XXVII of the Public Health  
21 Service Act.

22 (B) COMPLIANCE WITH OTHER REQUIRE-  
23 MENTS.—Coverage offered under the program  
24 or project shall comply with the requirements of  
25 subpart 2 of part A of title XXVII of the Public

1 Health Service Act insofar as such require-  
2 ments apply with respect to a health insurance  
3 issuer that offers group health insurance cov-  
4 erage.

5 (2) PREVENTION OF DUPLICATIVE PAY-  
6 MENTS.—

7 (A) OTHER HEALTH PLANS.—No payment  
8 shall be made to a State under this section for  
9 expenditures for health assistance provided for  
10 an individual to the extent that a private in-  
11 surer (as defined by the Secretary by regulation  
12 and including a group health plan (as defined  
13 in section 607(1) of the Employee Retirement  
14 Income Security Act of 1974), a service benefit  
15 plan, and a health maintenance organization)  
16 would have been obligated to provide such as-  
17 sistance but for a provision of its insurance con-  
18 tract which has the effect of limiting or exclud-  
19 ing such obligation because the individual is eli-  
20 gible for or is provided health assistance under  
21 the plan.

22 (B) OTHER FEDERAL GOVERNMENTAL  
23 PROGRAMS.—Except as provided in any other  
24 provision of law, no payment shall be made to  
25 a State under this section for expenditures for



1 health assistance provided for an individual to  
 2 the extent that payment has been made or can  
 3 reasonably be expected to be made promptly (as  
 4 determined in accordance with regulations)  
 5 under any other federally operated or financed  
 6 health care insurance program, other than an  
 7 insurance program operated or financed by the  
 8 Indian Health Service, as identified by the Sec-  
 9 retary. For purposes of this paragraph, rules  
 10 similar to the rules for overpayments under sec-  
 11 tion 1903(d)(2) of the Social Security Act shall  
 12 apply.

13 (3) APPLICATION OF CERTAIN GENERAL PROVI-  
 14 SIONS.—The following sections of the Social Security  
 15 Act shall apply to States under this section in the  
 16 same manner as they apply to a State under such  
 17 title XIX:

18 (A) TITLE XIX PROVISIONS.—

19 (i) Section 1902(a)(4)(C) (relating to  
 20 conflict of interest standards).

21 (ii) Paragraphs (2), (16), and (17) of  
 22 section 1903(i) (relating to limitations on  
 23 payment).

24 (iii) Section 1903(w) (relating to limi-  
 25 tations on provider taxes and donations).

1 (iv) Section 1920A (relating to pre-  
2 sumptive eligibility for children).

3 (B) TITLE XI PROVISIONS.—

4 (i) Section 1116 (relating to adminis-  
5 trative and judicial review), but only inso-  
6 far as consistent with this title.

7 (ii) Section 1124 (relating to disclo-  
8 sure of ownership and related informa-  
9 tion).

10 (iii) Section 1126 (relating to disclo-  
11 sure of information about certain convicted  
12 individuals).

13 (iv) Section 1128A (relating to civil  
14 monetary penalties).

15 (v) Section 1128B(d) (relating to  
16 criminal penalties for certain additional  
17 charges).

18 (vi) Section 1132 (relating to periods  
19 within which claims must be filed).

20 (4) RELATION TO OTHER LAWS.—Health bene-  
21 fits coverage provided under a State program or  
22 project under this section shall be treated as cred-  
23 itable coverage for purposes of part 7 of subtitle B  
24 of title I of the Employee Retirement Income Secu-  
25 rity Act of 1974, title XXVII of the Public Health

1 Service Act, and subtitle K of the Internal Revenue  
2 Code of 1986.

3 (i) AUTHORIZATIONS.—

4 (1) IN GENERAL.—There are appropriated in  
5 each of fiscal years 2010 through 2019 to carry out  
6 this Act, an amount equal to the amount of savings  
7 to the Federal Government in each such fiscal year  
8 as a result of the enactment of the provisions of title  
9 II.

10 (2) USE OF FUNDS.—Amounts appropriated for  
11 a fiscal year under paragraph (1) and not expended  
12 may be used in subsequent fiscal years to carry out  
13 this section.

14 (3) LIMITATION.—Notwithstanding any other  
15 provision of this Act, the total amount of funds ap-  
16 propriated to carry out this Act through fiscal year  
17 2019 shall not exceed \$40,000,000,000.

18 (j) TERMINATION.—The authority provided under  
19 this title shall terminate on the date that is 10 years after  
20 the date of enactment of this Act.

## 21 **TITLE II—OFFSETS**

### 22 **SEC. 201. INCREASE IN REBATES FOR COVERED OUT-** 23 **PATIENT DRUGS.**

24 Section 1927(c)(1)(B)(i) of the Social Security Act  
25 (42 U.S.C. 1396r–8(c)(1)(B)(i)) is amended—

1 (1) in subclause (IV), by striking “and” after  
2 the semicolon;

3 (2) in subclause (V)—

4 (A) by inserting “and before January 1,  
5 2010,” after “1995,”; and

6 (B) by striking the period and inserting “;  
7 and”; and

8 (3) by adding at the end the following:

9 “(VI) after December 31, 2009,  
10 is 20 percent.”.

11 **SEC. 202. AVIATION SECURITY SERVICE PASSENGER FEES.**

12 Section 44940 of title 49, United States Code, is  
13 amended—

14 (1) in subsection (a)(1), by inserting “in an  
15 amount equal to \$5.00 per one-way trip” after “uni-  
16 form fee”;

17 (2) by striking subsection (c); and

18 (3) in subsection (d)—

19 (A) in paragraph (2), by striking “sub-  
20 section (d)” each place it appears and inserting  
21 “this subsection”; and

22 (B) in paragraph (3), by striking “in ac-  
23 cordance with paragraph (1)” and inserting  
24 “under subsection (a)(2)”.

1 **SEC. 203. EXTENSION OF FCC SPECTRUM AUCTION AU-**  
 2 **THORITY.**

3 Section 309(j)(11) of the Communications Act of  
 4 1934 (47 U.S.C. 309(j)(11)) is amended by striking  
 5 “2011” and inserting “2019”.

6 **SEC. 204. EXTENSION OF FEES FOR CERTAIN CUSTOMS**  
 7 **SERVICES.**

8 Section 13031(j)(3)(A) and (B) of the Consolidated  
 9 Omnibus Budget Reconciliation Act of 1985 (19 U.S.C.  
 10 58c(j)(3)(A) and (B)) is amended by striking “2014” each  
 11 place it appears and inserting “2019”.

12 **SEC. 205. INCOME-RELATED REDUCTION IN PART D PRE-**  
 13 **MIUM SUBSIDY.**

14 (a) IN GENERAL.—Section 1860D–13(a) of the So-  
 15 cial Security Act (42 U.S.C. 1395w–113(a)) is amended  
 16 by adding at the end the following new paragraph:

17 “(7) REDUCTION IN PREMIUM SUBSIDY BASED  
 18 ON INCOME.—The provisions of subsection (i) of sec-  
 19 tion 1839 shall apply to the monthly beneficiary pre-  
 20 mium under this subsection in the same manner as  
 21 they apply to the monthly premium under such sec-  
 22 tion except that in so applying—

23 “(A) paragraph (1) of such subsection (i)  
 24 to this subsection—

1 “(i) the reference to December 2006  
2 is deemed a reference to December 2009;  
3 and

4 “(ii) the reference to the monthly pre-  
5 mium is deemed a reference to the base  
6 beneficiary premium (computed under  
7 paragraph (2) of this subsection);

8 “(B) clause (i) of paragraph (3)(A) of such  
9 subsection (i) to this subsection, the reference  
10 to 25 percentage points is deemed a reference  
11 to the beneficiary premium percentage (as spec-  
12 ified in paragraph (3) of this subsection);

13 “(C) clause (ii) of paragraph (3)(A) of  
14 such subsection (i) to this subsection, the na-  
15 tional average monthly bid amount (computed  
16 under paragraph (4) of this subsection) shall be  
17 substituted for the amount specified in such  
18 clause (ii) (relating to the unsubsidized part B  
19 premium amount); and

20 “(D) subparagraph (B) of paragraph (3)  
21 of such subsection (i) to this subsection, the  
22 reference to 2009 shall be a reference to 2010,  
23 the reference to 2007 shall be a reference to  
24 2009, and the reference to 2008 shall be a ref-  
25 erence to 2010.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) MEDICARE.—Section 1860D–13(a)(1) of  
3 the Social Security Act (42 U.S.C. 1395w–  
4 113(a)(1)) is amended—

5 (A) by redesignating subparagraph (F) as  
6 subparagraph (G);

7 (B) in subparagraph (G), as redesignated  
8 by subparagraph (A), by striking “(D) and  
9 (E)” and inserting “(D), (E), and (F)”;

10 (C) by inserting after subparagraph (E)  
11 the following new subparagraph:

12 “(F) INCREASE BASED ON INCOME.—The  
13 base beneficiary premium shall be increased  
14 pursuant to paragraph (7).”.

15 (2) INTERNAL REVENUE CODE.—Section  
16 6103(l)(20) of the Internal Revenue Code of 1986  
17 (relating to disclosure of return information to carry  
18 out Medicare part B premium subsidy adjustment)  
19 is amended—

20 (A) in the heading, by striking “PART B  
21 PREMIUM SUBSIDY ADJUSTMENT” and inserting  
22 “PARTS B AND D PREMIUM SUBSIDY ADJUST-  
23 MENTS”;

24 (B) in subparagraph (A)—

1 (i) in the matter preceding clause (i),  
2 by inserting “or 1860D–13(a)(7)” after  
3 “1839(i)”; and

4 (ii) in clause (vii), by inserting after  
5 “the amount of such adjustment” the fol-  
6 lowing: “or that the amount of the pre-  
7 mium of the taxpayer under such sub-  
8 section (as applied under section 1860D–  
9 13(a)(7)) may be subject to adjustment  
10 under such section 1860D–13(a)(7) and  
11 the amount of such adjustment”; and

12 (C) in subparagraph (B), by inserting “or  
13 such section 1860D–13(a)(7)” before the period  
14 at the end.

○